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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR-Finland: Khrushchev may use his visit to Helsinki beginning on 2 September to exploit Soviet claims of Scandinavian involvement in the U-2 incident. The visit was arranged at Soviet initiative. Since there are no pressing bilateral problems, the main purpose of the trip may be to provide an opportunity for the Soviet premier to reinforce his warnings of the dangers of American policy for the Scandinavian countries and to expand his recent statements in Austria designed to intimidate neutral states into supporting the bloc campaign against US overseas bases. He also can be expected to reaffirm his peaceful coexistence policy and his continuing interest in high-level exchanges with free-world leaders.

OK

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Iran: The resignation of Premier Eqbal on 28 August is part of the Shah's effort to salvage some of his seriously damaged prestige. The Shah is insisting that others must make "sacrifices" in order to relieve him of blame for the rigged and grossly mismanaged elections which are still going on in Iran. Sharif Emami, the newly appointed acting premier, has been minister of industry and mines. While the Shah's plan apparently is to allow the new parliament to convene on the basis of the current elections, amend the electoral law, and then hold new elections, he may come to feel that outright nullification of the present elections is necessary even though not as "legal" a course as he would prefer.

no

III. THE WEST

Italy: Italian Premier Fanfani has told the US ambassador in Rome that he hopes to hold the long-postponed nationwide local elections--involving more than 32 million voters--early in November. Prior to the elections he expects passage of a revised electoral law, an aim of which would be to force a separation between the Nenni Socialists and the Communists. Although Fanfani insisted that his party has "bounced back" in public esteem and that the June-July disorders in Italy have boomeranged against the Communists, his estimate seems overly optimistic.

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DAILY BRIEF

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LATE ITEMS

25X1 [] *Republic of the Congo: Secretary General Hammarskjold appears hopeful that firm UN resistance to Lumumba's projected seizure of the Leopoldville airport will discredit Lumumba and bring about his downfall. On 27 August, a UN official stated that Hammarskjold had received a communication from Lumumba warning that he planned to take over Leopoldville airport "within a week." On the same day, Hammarskjold affirmed that the UN would not yield control of the airport, which it has administered since the first of a series of assaults on UN personnel there on 18 August. *no*

Elsewhere, open resentment in the Congo Senate of Lumumba's authoritarian measures may lead to the arrest of opposition leaders. The premier has alleged that "loyal elements" desire the arrest of one opposition spokesman, Jean Bolikango. 25X1

25X1 [] *Laos: The delicate process of effecting a political settlement between the Souvanna Phouma-Kong Le group and General Phoumi's countercoup forces has begun with the opening of the National Assembly session in Luang Prabang. The King's redesignation of Souvanna to form a new government is a gesture in support of Phoumi's contention that Souvanna's original designation in mid-August was illegal because the predecessor Somsanith government had been forced to resign under duress. Souvanna must next negotiate the composition of his new cabinet, which could present serious difficulties. If he tries to win a new vote of approval for the small and weak cabinet he organized in Vientiane two weeks ago, his compromise agreement with Phoumi will almost certainly break down. If, on the other hand, he is too liberal in granting cabinet portfolios to Phoumi followers, he is likely to invite the wrath of Captain Kong Le, whose military influence in Vientiane has diminished little, if any. *OK* [The American embassy in Vientiane notes that Kong is still in a cocky mood and considers it entirely possible that he may follow the lead of the Pathet Lao in opposing any settlement with the "Phoumi clique." A Pathet Lao broadcast of 28 August stated that whatever the assembly does in Luang Prabang, it will be against the will of the people.] 25X1 25X1

Khrushchev may use his visit to Helsinki on 2-5 September, in honor of Finnish President Kekkonen's 60th birthday, to exploit statements in the Powers trial involving Finland, Sweden, and Norway in the U-2 incident. The visit was arranged on Soviet initiative and, since there are no critical bilateral problems, its main purpose may be to provide an opportunity for the Soviet premier to reiterate his warnings of the dangers of American policy for the Scandinavian countries. He may also expand on his statements in Austria designed to intimidate neutral states into supporting the bloc campaign against US overseas bases. Khrushchev would hope that a repetition of this line, together with a warning that the USSR would not "remain idle" in the face of a violation of neutrality, will generate Scandinavian pressure on Norway to adopt a more restrictive policy on US bases.

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The Soviet announcement appears to have come as a complete surprise to high Finnish officials. While some of them interpreted the coming visit as a sign of Soviet good will, the fact that its scheduling appears to have been accomplished with little or no coordination with the Finns appears to have caused some uneasiness in Helsinki. Foreign Minister Toerngren has stated that no preparations had been made in Finland for the visit nor did he know what matters Khrushchev wished to discuss.

One question which might be raised is that of Finland's relations with the European Free Trade Association (EFTA). Although the matter has been under consideration for several months, the Finnish Government has hesitated to proceed on grounds that there is some uncertainty regarding Moscow's attitude toward Finnish membership in EFTA.

President Kekkonen is reported to be pessimistic about the prospects for the West in the political and economic struggle with the bloc. Fearful that there is a real danger of war, particularly over Berlin, he regards it as imperative that Finland conduct a foreign policy having as its basic aim the development of "trustful" relations between the two countries. With this goal in mind, Kekkonen has actively encouraged increased trade, military, and cultural contacts with the USSR. This has been evident most recently in Finnish moves to purchase increased quantities of Soviet military equipment and in a growing number of exchange visits by military officials of the two countries.

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Shah Discharges Premier to Shift Blame for Rigged Iranian Elections

L Premier Eqbal's resignation on 28 August, after the Shah had publicly expressed dissatisfaction with the conduct of the parliamentary elections in progress since early August, is part of the Shah's plan to restore some of his severely damaged prestige.

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The Shah has been under considerable pressure from some of his principal advisers to declare the elections void and to dismiss Eqbal as the scapegoat. Eqbal, since he became premier in early 1957, has been a faithful executor of the Shah's will. Because of this, he has become unpopular and has created enemies among the Shah's closest associates. Sharif Emami, the 51-year-old pro-Western minister of industry and mines, has been appointed acting premier.

Apparently the Shah now plans to allow the new parliament to convene, to demand the passage of a new election law, and then dismiss it to hold new elections. The need for strong steps by the Shah to re-establish his authority and prestige, however, could convince him to take illegal measures, such as annulling the elections and assuming direct control of affairs pending elections.

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Italian Premier Wants Nationwide Local Elections Early
In November

In a talk with the American ambassador on 24 August, Premier Fanfani stated confidentially that his Christian Democratic party has agreed on the desirability of holding nationwide local elections early in November. These elections have already been postponed twice, and Fanfani said his party now must show the country it has confidence in its own strength. He claims that his party has come back in public esteem and is more popular now than in the recent past, and says--with apparent overoptimism--that the Communists have lost strength because of the degeneration of the June-July demonstrations against the neo-Fascists into Communist-led disorders.

Parliament reconvenes on 5 September, and Fanfani believes that by early October he can secure passage of an electoral reform law which would "force" the Nenni Socialists to run separate lists from the Communists, and the Monarchists to run separate from the neo-Fascists. Both Socialists and Monarchists have urged passage of the new law, which would drop the present majority requirement and adopt a modified proportional system for the provincial elections. Both parties indicated a degree of approval of the present Christian Democratic government by abstaining rather than voting against it in the confidence vote on 18 July.

Fanfani said Nenni "would get his throat cut" if he returned to his alliance with the Communists. The premier believes that 60 percent of the Socialist party hierarchy and an even larger proportion of the party's electorate support Nenni's stand favoring autonomy from the Communists.

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